

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 SS-20 NSC-07 DODE-00

DRC-01 IGA-02 AGR-20 FEA-02 INT-08 /151 W

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P R 300255Z MAY 74

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC PRIORITY 9229

INFO AMEMBASSY BANGKOK

LIMITED OFFICIAL USE VIENTIANE 4269

E.O. 11652: N/A

TAGS: ECON, EFIN, ETRD, LA

SUBJECT: WEEKLY ECONOMIC SITUATION REPORT: MAY 22-28, 1974

1. TOTAL FOREIGN EXCHANGE SALES WERE MODERATE (\$954,000).
CY 1974 WEEKLY AVERAGE OF \$864,000 REMAINS BELOW CY 73
LEVEL OF \$882,000. THE USAID COST OF LIVING INDEX DIPPED
1.3 PERCENT DUE TO SEASONAL FLUCTUATION OF VEGETABLE SUPPLY AND
DECREASE IN PRICE OF OCEAN FISH.

2. IN THE XAT LAO OF MAY 23 SOTH PETRASY WAS REPORTED SAYING
THAT SURVEYS OF UPPER NAM NGUM DAM SITES WITHIN LPF ZONE
WOULD HAVE TO WAIT FOR CEASE FIRE TO BE PROVED EFFECTIVE, GREATER
DISENGAGEMENT OF ARMED FORCES IN CONTENTIOUS AREAS, AND FREE
FLOW OF COMMERCE. IN SAME INTERVIEW SOTH SAID PGNU HAD NOT
YET CONSIDERED FRENCH PROPOSED PROJECT FOR A DAM ON THE NAM
THEUNE, WHICH IS IN THE LPF ZONE. (COMMENT: NAM THEUNE
REPORTEDLY IS AN IDEAL SITE WITH POTENTIAL OF 1,500 MEGAWATT
OUTPUT.)

3. RETURNING FROM CHAMBER OF COMMERCE MEETING IN SEOUL,
LAO DELEGATE REPORTED SOUTH KOREA IS INTERESTED IN TRADE WITH
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LAOS AND WILL SEND SAMPLES OF TEXTILES AND HOUSEHOLD APPLIANCES.

4. ESSO INTERNATIONAL HAS SOLD ITS RIGHTS AND PROPERTY IN LAOS EFFECTIVE JUNE 1 TO A PARTNERSHIP FORMED BY THE CURRENT MANAGER (A THAI) AND A LAO PARTNER. THE OPERATION WILL CONTINUE TO USE THE ESSO SYMBOL AND BE SUPPLIED BY ESSO, THAILAND. (COMMENT: APPARENT REASONS FOR ESSO DIVESTING ARE: (1) THE SMALL VOLUMES; (2) SHELL'S CONTRACT WITH USG PROVIDING IT ADVANTAGE OF SCALE AND REDUCING CHANCE FOR ESSO TO EXPAND, AND (3) RECURRING PROBLEMS WITH THE THAI EXPORT PERMITS, ALL TOGETHER LEADING THE INTERNATIONAL TO FEEL PROFITS WERE TOO SMALL FOR THE ADMINISTRATIVE COSTS AND DIFFICULTIES.)

5. PGNU CURRENTLY REVIEWING MEANS TO HALT EXCESSIVE IMPORTS OF GASOIL (HIGH-SPEED DIESEL), MUCH OF WHICH PGNU OFFICIALS BELIEVE IS BEING RE-EXPORTED TO THAILAND DUE TO LARGE PRICE DIFFERENTIAL. ALTERNATIVE ATTRIBUTED TO LPF SECRETARY OF STATE FOR FINANCE INCLUDE (A) REQUESTING HELP FROM FRIENDLY SOCIALIST COUNTRIES TO MEET LAO GASOIL NEEDS, (B) COMPREHENSIVE RATIONING, (C) USE OF BNL RESERVES TO FINANCE IMPORTS. OTHER ALTERNATIVES PROPOSED BY VIENTIANE OFFICIALS INCLUDE REMOVAL OF GASOIL FROM 605/\$ EXCHANGE AUTHORIZATION LIST, AND INCREASE IN PRICE BY 50 KIP. UNCERTAINTY OF CONSUMER PRICE IMPLICATIONS AND FOREIGN EXCHANGE IMPLICATIONS CONTRIBUTE TO PGNU DIFFICULTY IN REACHING QUICK CONSENSUS ON NATURE OF PROBLEM AND APPROPRIATE REMEDIAL MEASURES.

6. THE CABINET CHANGED GOVERNMENT OFFICE HOURS TO 8 TO 12 NOON AND 2 TO 5 P.M. EFFECTIVE JUNE 1, IN A MOVE TO INCREASE SERVICE TO THE PEOPLE. HOWEVER, GOVERNMENT EMPLOYEES ASSOCIATION HAS STATED OPPOSITION TO THE CHANGE AND THE RESOLUTION IS NOT YET CLEAR. PRESENT HOURS OF 8 TO NOON AND 1 P.M. TO 4 P.M. WERE ESTABLISHED TO (1) CONSERVE POL BY CUTTING TRIPS HOME FOR LUNCH AND (2) PROVIDE TIME FOR EMPLOYEES TO GARDEN AND FISH IN THE AFTERNOON IN FACE OF RISING FOOD PRICES.

7. DECONTROL FOLLOWING 5/29/75.
WHITEHOUSE

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